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Rory M. Christian, Chair

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PSC Slams NYSEG for Failing to Properly Test Gas Connections

Upstate Utility Will Immediately Commence Sampling Gas Connections in Service Territory to Ensure System Safety

NYSEG Faces a Potential Penalty of \$5.1 Million for Installing Faulty Gas Connections

NEW YORK — The New York State Public Service Commission (Commission) today approved a plan to require New York State Electric and Gas Corporation (NYSEG) to identify, detect, and remediate any natural gas leaks due to installation errors concerning certain gas connections used to provide natural gas to some residences and businesses. As a result of a Commission investigation, it was determined that NYSEG's improperly installed tapping tee caused an underground gas leak, which contributed to a residential fire and ultimately led to the complete destruction of the duplex residence located at 2592 Carmel Avenue, Brewster, Putnam County in February 2022.

“The Commission seeks to ensure that public utilities maintain constant vigilance over their gas distribution systems, with public safety as a paramount concern” **said Commission Chair Rory M. Christian.**” The Commission holds public utilities responsible for the maintenance and safety of their gas facilities, especially when there are known, problematic components in their systems. This order establishes a process to rapidly address the issues identified.”

According to the Commission's investigation, NYSEG employees arriving on scene were the residents' 'last best chance' of discovering and remediating the natural gas leak before a fire began. However, the NYSEG employees failed to have proper equipment to effectively respond to the leak and wasted valuable time searching for working equipment. Additionally, NYSEG's own policies and procedures were inadequate to ensure field staff have the necessary equipment while investigating leaks.

Further, the Commission determined that NYSEG's tapping tee near the residence had been installed improperly. NYSEG was previously made aware of the risks associated with improper installation of the devices. As a result of these findings, the Commission is considering whether a financial penalty should be rendered against the utility. That enforcement action remains pending.

With today's decision, the Commission adopts and approves a plan to identify, detect, and remediate any natural gas leaks due to installation errors concerning the 'tapping tees' in question known as Permalock tapping tees. The plan approved today addresses the public safety and remedial issues raised in the investigation. Department of Public Service staff reviewed NYSEG's plan and its underlying methodology and determined it to be reasonable.

Regarding the potential financial penalty, the Commission anticipates that, at a future juncture, it may evaluate those allegations and consider imposing, for each established violation, a civil penalty of up to the greater of \$250,000 or three one-hundredths of one percent of the annual intrastate gross operating revenue, or approximately \$5.1 million.

To date, there have been only six documented cases of incorrect installations of these types of connections, and only two documented gas leaks. To ensure the systems safety, NYSEG will perform in-line camera inspections of a randomized sample of 450 sites throughout the NYSEG and Rochester Gas and Electric Corporation service territories. The inspections will also include multiple additional inspections of each tapping tee that can be reached with an in-line camera at a previously designated site. Therefore, NYSEG has indicated that the total number of inspections to be performed will likely exceed 450 sites statewide.

NYSEG's sampling plan includes a provision that requires quarterly reports to be sent to the Department of Public Service, detailing the sampling plan's findings and progress, as well as milestone reports at certain completion benchmarks. NYSEG has indicated that it intends on performing the majority of inspections before the 2023 Winter season, and subsequently completing the project by Spring 2024.

Finally, NYSEG was reminded that the identified apparent violations are still pending and unresolved. Department staff is engaged in ongoing settlement discussions and discovery regarding these unresolved apparent violations and will prepare an order for consideration at a future session to address the apparent violations and penalties.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 22-G-0425 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.